

**FULL COMMITTEE ON AGRICULTURE
PUBLIC FIELD HEARING**

**POTATO AND SPECIALTY CROP PRIORITIES
FOR THE 2007 FARM BILL**

**CONFERENCE CENTER BALLROOM
SOUTHWEST MINNESOTA STATE UNIVERSITY
1501 STATE STREET
MARSHALL, MINNESOTA**

SATURDAY, JULY 22, 2006

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Specialty Crop Industry Priorities for the 2007 Farm Bill

Executive Summary

Fruit, vegetable and tree nut production in the United States accounts for \$34 billion in farmgate value, or 30% of farm cash receipts for crops. With the addition of nursery and greenhouse production, overall specialty crops account for over 44% of farmgate value for crops.

The specialty crop industry has organized itself to advocate for a single common set of priorities in the 2007 Farm Bill. A broad array of specialty crop associations representing U.S. growers and shippers have been working to forge mutual objectives for the Farm Bill, to assure a common platform across regions, commodities and other interests. We intend to work closely and collaboratively with allies in all specialty crops who share many of our priorities, as well as other stakeholders across U.S. agriculture.

Statement of Principles

1. The specialty crop industry is a critical and growing component of U.S. agriculture, deserving of full and equal consideration as other agricultural sectors in the Farm Bill. That demands a significant financial investment in mandatory spending.
2. The specialty crop industry would not be well served by direct program payments to growers. Rather, our emphasis must be on building the long-term competitiveness and sustainability of U.S. specialty crop production.
3. Government investment in the competitiveness and sustainability of the U.S. specialty crop industry will produce a strong return on investment for *all of America*, not just farmers. By expanding access and availability of safe, wholesome, healthy and affordable fruits and vegetables, the Farm Bill will be a critical component in reaching the mandate of doubling fruit and vegetable consumption called for in the United States Department of Agriculture (USDA)/United States Health and Human Services (HHS) 2005 Dietary Guidelines. That makes the 2007 Farm Bill more relevant to every Congressional district in the country than ever before.
4. Government investment in this agriculture industry is required to create a fair, level playing field with international competitors who do not face the regulatory burdens of U.S. producers. With the government's mandate that domestic producers must meet the very highest standards in environmental regulation, labor and other areas comes the responsibility to help those producers achieve cost-effective compliance. Without appropriate assistance U.S. production will re-locate to less restrictive foreign growing areas.
5. Consumers in U.S. export markets are increasingly demanding high value food products as their disposable income rises. A thriving and competitive U.S. specialty crop industry will support strong growth in export markets and improve our agricultural balance of trade. In order to realize the goal of increasing exports, it is critical that federal policy and resources support efforts to remove the many existing international trade barriers that continue to block U.S. specialty crop exports.

Specific Farm Bill Priorities

- **Restrictions on Planting Flexibility** – We support this long-standing provision as a fundamental matter of equity among farmers. As long as some farmers receive direct payments from the government, they should not be allowed to plant crops on that subsidized land that competes with unsubsidized farmers.
- **Nutrition Programs** – We support a strong new focus within the 2007 Farm Bill on increasing the access and availability of fruits and vegetables, particularly to children. We support expansion of the school fruit and vegetable snack program, increased commodity purchases, higher allocation to the Department of Defense (DOD) Fresh program for schools, development of a new nutrition promotion program to assist producers in enhancing their markets, and a general requirement that USDA feeding programs and commodity purchasing comply with the 2005 Dietary Guidelines.
- **State Block Grants** – We support an expansion of the State Block Grants for Specialty Crops program originally authorized in the Specialty Crop Competitiveness Act of 2004, and funded through appropriations in the Fiscal Year (FY) 2006 Agricultural Appropriations bill. Due to the wide diversity and localized needs in specialty crop production, state departments of agriculture are uniquely able to assist local growers with the specific investments they need to increase competitiveness.
- **International Trade** – We support programs to increase foreign market access, to increase funding for the Technical Assistance for Specialty Crops program, and creating a new Export Division within Animal, Plant, Health, and Inspection Service (APHIS) to attack with much greater vigor the real but too often hidden trade barriers facing our industry in Sanitary and Phytosanitary (SPS) issues. We will also work with allies to seek continued support for the Market Access Program (MAP).
- **Invasive Pests and Disease** – We support significant new investment in prevention of the unintentional introduction of plant pests and diseases. Investment in prevention is more cost-effective than mitigation.
- **Research** – We support significant new investment in research for specialty crops, through both the National Research Initiative and programs within Cooperative State Research, Education and Extension Service (CSREES) and Agriculture Research Service (ARS).
- **Conservation Programs** – We support a mandatory allotment of funding for specialty crop production within the Environmental Quality Incentive Program (EQUIP) similar to what currently exists for the livestock industry. We will work with all allies to expand general support for conservation programs.
- **Unique Attributes of Specialty Crop Producers** – Due to the nature of high-value specialty crop production, many current Farm Bill programs and disaster programs are of limited benefit to specialty producers due to payment caps, limits on Adjusted Gross Income, limits on off-farm income even if integral to farming operations, etc. We support a thorough review of all farm programs to ensure that specialty crop producers have access to benefits comparable to other farmers, rather than being excluded or limited simply due to a higher-cost of production.

2007 Farm Bill Policy Recommendations

COMMODITY SECTION

OVERVIEW

Specialty crop production across the United States accounts for over \$46 billion in farm cash receipts, representing 44% of the U.S. total crop value. While domestic potato production remains a strong \$3 billion industry, we have seen increasing imports in our sector. In all horticultural products, the U.S. imported \$21.9 billion and exported \$12.3 billion worth of goods in 2003.

Over the years, the potato as well as other specialty crop industry has gone through tremendous changes in an effort to remain profitable, satisfy consumer demands, adapt to new technology, and compete in an increasingly global market place. Today, growers are facing the most strident economic conditions and regulatory challenges they've seen in decades. Meanwhile, the consumption of our commodities seems to be stagnating. While the perishable nature of our products present unique challenges and highly volatile markets, our industry has not relied on traditional farm programs to sustain our business. We're proud of our commitment to free markets, and don't want that to change.

The specialty crop industry also produces crops that are vital to the health of Americans and represent a significant segment of American agriculture. However, because they are not considered "program crops," specialty crop are often ignored when it comes to the development and implementation of U.S. farm policy. Yet, like producers of program crops, the specialty crop industry faces significant challenges in the production and marketing of their commodities that must be addressed if they are to remain competitive.

Specialty crops are important to the good health of Americans and to the efforts in our country to prevent disease, reduce obesity, and improve the well-being of our citizenry. We are also working hard to fulfill consumer needs for high-quality and affordable healthy food choices, but we need agricultural policy priorities to assist us in that effort. It is in this context that we raise the importance of specialty crops today – not as simply one more sector of the agricultural economy, but as a vital national priority in every Congressional district and to the health of our nation overall. The industry strongly believes government policy should provide incentives for private investment, tools to increase profitability, and help to those producers who are committed to constant improvement to better serve consumer needs. We do not want policies that sustain yesterday's business; we want investment in the future.

Ultimately, the goal of any specialty crop federal agriculture policy should be to enhance the tools necessary to drive demand, utilization, and consumption of our products and not distort the production of those products with respect to domestic and international markets.

POLICY STATEMENT

The Federal government should elevate its financial investment into program priorities for the specialty crop industry and work cooperatively to ensure U.S. specialty crop producers are competitive in domestic and international markets. In turn, the goal of any farm policy should be

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to enhance the tools necessary to drive demand, utilization, and consumption of specialty crops, and not distort the production and marketing of these commodities in the United States.

POLICY RECOMMENDATIONS

- **Planting Flexibility Restrictions** – The specialty crop industry strongly supports maintaining or strengthening the current restrictions that prevent the planting of fruits and vegetables on acres receiving program payments.

 - *Policy Recommendation* – Maintain current law regarding U.S. planting flexibility policy.
- **Disaster Assistance Payment Limits** – The current \$80,000 payment limit on disaster payments is not equitable for specialty crop producers. Due to higher input and labor costs, possible loss per acre experienced by specialty crop producers as a result of a disaster is generally significantly greater than for program crops. FSA currently maintains a data base that has cost of production figures for various agricultural enterprises. This cost of production data should be used to index disaster program benefits.

 - *Policy Recommendation* – The specialty crop supports restructuring the current disaster assistance payments to allow producers of specialty crops with higher cost of production to receive proportionally larger disaster assistance.
- **Disaster Assistance Adjusted Gross Income Limits** – Currently the \$2.5 million AGI eligibility limit for disaster assistance applies if 25% of income is not from farm or ranch income. If 75% or more of income is from farming or ranching (Schedule F) then income can exceed \$2.5 million and disaster benefits are still available.

 - *Policy Recommendation* – The specialty crop industry supports modifying the current definition of farming and ranching to include individuals that derive 75% of their income from farming, ranching, or as a first handler of specialty crops to be eligible for disaster assistance.
- **Specialty Crop Inclusion in Federal Disaster Assistance Funding** – As natural disasters occur, Congress and the administration frequently develop disaster assistance packages to aid those agricultural producers that have suffered losses due to disasters. As an element of those disaster packages it is important that specialty crop producers be eligible. In certain cases disaster payments have been tied to existing USDA programs for which specialty crop producers are ineligible or do not historically participate.

 - *Policy Statement (Sense of Congress)* – During consideration of disaster assistance to producers suffering losses due to natural disasters, including government imposed quarantine restrictions, it should be the Federal policy that all commodities including specialty crops should be included for payment eligibility.

Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: **Jerry Larson**
2. Business/Address: **Larson Farms**
32066 390th Ave. SW
Climax, MN 56523
3. Business Phone Number: **(218) 857-2235**
4. Organization you represent: **Northern Plains Potato Growers Association**
5. Please list any occupational, employment, or work-related experiences you have which add to your qualification to provide testimony before the Committee:
 - Over forty years of production agriculture experience.
6. Please list any special training, education, or professional experiences you have which add to your qualifications to provide testimony before the Committee:
 - Past president of the National Potato Council
 - Completed term limits on Executive and Board of Directors of the National Potato Council
 - Committee member on several standing Council Committees.
7. If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:
 - Past Chairman of the Board of Directors of the Northern Plains Potato Growers Association
 - Board of Directors Member Committee Chairman
 - Minnesota Area One Potato Council Member

PLEASE ATTACH THIS FORM OF YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY

**Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form**

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2004.

Name: Jerry Larson

Address: 32066 390th Ave. SW
Climax, MN 56523

Telephone: (218) 857-2235

Organization you represent (if any): _____

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2004, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: _____

Source: _____ Amount: _____

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2004, as well as the source and the amount of each grant or contract:

Source: _____ Amount: _____

Source: _____ Amount: _____

Please check here if this form is NOT applicable to you: ✓

Signature: 

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.